

Message Text

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ORIGIN EA-14

INFO OCT-01 CCO-00 RSC-01 SS-15 FILE-01 SSO-00 ADP-00 L-03

AGR-20 DOTE-00 INT-08 AID-20 EB-11 NSC-10 CIEP-02

TRSE-00 STR-08 OMB-01 CEA-02 CIAE-00 COME-00 FRB-02

INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01 SCI-06

CEQ-02 EPA-04 SCEM-02 PRS-01 PA-03 USIE-00 INRE-00

NSCE-00 /173 R

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S/S -O: P.SARROS

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TO USAF SAM 86971 ANDREWS AFB

INFO AMEMBASSY TOKYO PRIORITY

C O N F I D E N T I A L STATE 138616

TOSEC 17

E.O. 11652: GDS

TAGS: EAGR, ECON, JA

SUBJECT: ECONCOM IX

1. FOLLOWING RECEIVED AT DEPT FROM JAPANESE EMBASSY.

2. QUOTE: JULY 10, 1973. AIDE-MEMOIRE. IN 1961 JAPAN,
ACTING IN RESPONSE TO A STRONG REQUEST MADE AT THAT TIME
BY THE U.S., LIBERALIZED THE IMPORTATION OF SOYBEANS,
AND SUBSEQUENTLY REDUCED, STEP-BY-STEP, THE TARIFF ON
SOYBEANS. FINALLY, IT COMPLETELY ABOLISHED THE TARIFF AS
OF APRIL LAST YEAR.

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3. THE RESULT OF THESE ACTIONS HAS MADE JAPAN THE LARGEST

IMPORTER OF U.S. SOYBEANS. NINETY-TWO PERCENT OF THE TOTAL JAPANESE DEMAND FOR SOYBEANS IS NOW IMPORTED FROM THE U.S., WHEREAS DOMESTICALLY-PRODUCED SOYBEANS PROVIDE ONLY 3 PERCENT OF THE SAID DEMAND.

4. IN RELATION TO THE PRESIDENT'S ANNOUNCEMENT ON THE PRICE FREEZE MADE JUNE 13, JAPAN REPEATEDLY EXPRESSED HER STRONG HOPE THAT, SHOULD THE U.S. GOVERNMENT BE PLACED IN A POSITION WHERE IT MUST RESORT TO EXPORT CONTROLS, THE U.S. WOULD RESPECT JAPAN'S POSITION AS A TRADITIONALLY LARGE IMPORTER OF U.S. AGRICULTURAL PRODUCTS, AND THAT FULL CONSIDERATION BE GIVEN TO ITS POSITION SO THAT ITS IMPORT REQUIREMENTS, INCLUDING CONTRACTS PREVIOUSLY ENTERED INTO, WOULD ADEQUATELY BE MET. TO THESE REQUESTS,

THE U.S. INDICATED THAT IT WOULD PAY DUE ATTENTION TO THE JAPANESE POSITION.

5. THE RECENT U.S. ACTION ON SOYBEANS AND RELATED PRODUCTS, HOWEVER, IS CAUSING AN ABRUPT DISRUPTION OF THE RELATIONSHIP OF INTERDEPENDENCE BETWEEN THE SUPPLIER AND IMPORTER IN THE SOYBEAN TRADE, WHICH BOTH SIDES HAVE LABORIOUSLY DEVELOPED OVER THE YEARS.

6. AT THE SAME TIME THE QUANTITY OF SOYBEANS EXPORTABLE TO JAPAN UNDER THE ACTION IS FAR LESS THAN THE JAPANESE IMPORT REQUIREMENT, AND THE JAPANESE GOVERNMENT IS COMPELLED TO EXPRESS ITS REGRET THAT ADEQUATE CONSIDERATION WAS NOT GIVEN TO THE JAPANESE POSITION AS A TRADITIONALLY LARGE IMPORTER OF U.S. SOYBEANS.

7. SOYBEANS AND SOYBEAN MEAL ARE USED IN A VARIETY OF WAYS IN JAPAN. THEY ARE USED NOT ONLY FOR OILS AND FEED, BUT ALSO FOR SUCH FOODSTUFFS AS SOYBEAN PASTE, SOY SAUCE AND SOYBEAN CURD, ALL OF WHICH ARE ESSENTIALS IN THE DAILY LIFE OF THE JAPANESE PEOPLE. CONSEQUENTLY, THE SHORTAGE OF SOYBEANS IN JAPAN, WHICH WILL ARISE FROM THE SAID ACTION, WILL HAVE A SERIOUS IMPACT ON FOOD PRICES IN JAPAN AND IN THE DAILY LIFE OF THE JAPANESE PEOPLE.

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8. MOREOVER, THE ANXIETY OF THE JAPANESE PEOPLE OVER THE SUPPLY PROBLEM OF SOYBEANS IS INCREASING, AS IT HAS NOT SO FAR BEEN MADE CLEAR HOW THE U.S. GOVERNMENT WILL DEAL WITH THE EXPORTS AFTER THE PRESENT CONTROLS HAVE EXPIRED, NAMELY IN THE CASE OF SOYBEANS, FROM SEPTEMBER AND THEREAFTER, AND IN THE CASE OF SOYBEAN MEAL, FROM OCTOBER AND THEREAFTER.

9. THE JAPANESE GOVERNMENT EXPRESSES ITS STRONG HOPE THAT THE U.S. GOVERNMENT WILL PROMPTLY DECLARE THAT IT WILL NOT IMPOSE EXPORT CONTROLS ON SHIPMENTS OF SOYBEANS AND SOYBEAN MEAL AFTER THE SAID DATES. IT ALSO HOPES THAT WHEN THE NEW CROP BECOMES AVAILABLE, THE U.S. GOVERNMENT WILL TAKE NECESSARY MEASURES SO THAT PROMPT SHIPMENTS TO JAPAN WILL BE POSSIBLE.

10. ON JULY 5 THE U.S. GOVERNMENT IMPOSED EXPORT CONTROL MEASURES ADDITIONALLY ON 41 ITEMS. THE JAPANESE GOVERNMENT STRONGLY HOPES THAT THOSE MEASURES WILL BE PROMPTLY ABOLISHED AND THAT NO FURTHER EXPORT CONTROLS WILL BE IMPOSED ON CORN OR OTHER MAJOR AGRICULTURAL COMMODITIES. END QUOTE. RUSH

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